



85.50 Cash

85.50.10

July 1, 2006

Deposit of treasury and treasury trust receipts

- 85.50.10.a Deposit cash receipts for treasury and treasury trust accounts intact within 24 hours of receipt as prescribed in RCW 43.01.050 unless a specific written waiver is granted by the Office of the State Treasurer (OST). (Refer to Subsection 85.65.12 for an illustrative entry.)
- 85.50.10.b All treasury and treasury trust receipts must be deposited in a public depository located in this state. (Chapter 39.58 RCW)
- 85.50.10.c To qualify as a depository for monies belonging to the state, or in custody of the state under the control of the OST, commercial banking institutions must meet the requirements established by the Public Deposit Protection Commission.
- 85.50.10.d The depository bank is to select its trustee agency from any one of the following three categories:
- A Federal Reserve Bank.
 - The trust department of a bank or trust company.
 - The trust department of the depository bank.

85.50.20

July 1, 2006

Deposit of local receipts

- 85.50.20.a Cash receipts for deposit in local accounts established pursuant to RCW 43.88.195 or other statutory provision are to be deposited intact within 24 hours of receipt (Refer to Subsection 85.65.12 for an illustrative entry.) unless:
- A specific written waiver is granted by OFM, or
 - Total cash receipts on hand (exclusive of change accounts) are under \$500. However regardless of the amount on hand, local account receipts are to be deposited weekly.

85.50.20.b Local funds are to be deposited in public depositories located in this state. (RCW 39.58) (Refer to Subsection 85.50.10.c and d.)

85.50.30 Undeposited receipts

May 1, 1999

85.50.30.a Undeposited receipts consist of the following:

- Cash receipts on hand, and
- Monies in transmittal accounts pending deposit in the OST central account.

85.50.30.b Undeposited receipts exclude monies that have not been entered into the agency's records. These include: unopened mail transmittals; non-validated receipts; and monies received by personnel operating outside of the agency's accounting office and not forwarded for deposit to the accounting office. It should be noted, however, that the statutory provisions controlling the depositing of state monies, as prescribed in RCW 43.01.050, are to be observed at all times. (Refer to Subsection 85.50.10.)

85.50.40 Reconciliation of cash receipts and deposits

May 1, 1999

Daily

85.50.40.a Daily, cash is to be counted and reconciled with the appropriate records reflecting the day's transactions. All differences are to be investigated to ascertain the reason for the discrepancy. Procedures for recording cash over and short are prescribed in Subsection 85.20.10 of this manual.

85.50.40.b Agencies are to reconcile GL Code Series 71XX "In-Process" to the OST daily. To aid in this reconciliation, agencies receive AFRS report DTR902 - Unbalanced In-Process Reconciliation Report. Report DTR902 shows in detail outstanding in-process transactions for both the agency and the OST.

Monthly

85.50.40.c Accounts maintained in commercial institutions (e.g., banks, savings and loan associations, etc.), including petty cash accounts, are to be promptly reconciled with agency records on a monthly basis. The balance shown on the bank statement may not agree with the agency's book balance.

Variances can occur because of outstanding checks, deposits in transit, bank service charges, or other adjustments. Adjusting entries may be required when entries appear on the bank statement without corresponding entries in the agency's books. Adjusting entries, if necessary, are to be promptly prepared and recorded in the agency's records.

85.50.40.d

On a monthly basis, administering agencies are to reconcile GL Code Series 43XX "Cash in Custody of OST" to OST for the accounts they administer.

Administering agencies receive the two following AFRS reports monthly to aid in the reconciliation of the cash balances:

- SWM413A - General Ledger Trial Balance/All Agencies, and
- SWM413B - General Ledger Trial Balance by Agency.

On the SWM413A the ending balances in GL Codes 4310, 4320, and 4325 are to equal zero.

If these GL Codes do not zero out at the account level, the administering agency is to investigate the reason for the discrepancy and contact the agencies involved to make the necessary adjustments in AFRS. Contact the Office of Financial Management (OFM) to resolve the disagreements between agencies.

85.50.50

July 1, 2006

Petty cash - general information

85.50.50.a

Agencies may maintain two types of cash accounts within the petty cash regulations.

- **Change Accounts** - Used solely for making change in across-the-counter cash transactions.
- **Petty Cash (Imprest) Accounts** - Used to make payments when issuing a warrant/check is not practical or timely.

85.50.50.b

Petty cash account regulations are prescribed in Chapter 42.26 RCW.

85.50.50.c

The agency head (or authorized designee) is to issue and maintain on file a letter designating the individual assigned as custodian, the amount of the petty cash account, and the purpose for which the monies will be spent.

- 85.50.50.d The agency head (or authorized designee) is responsible for the proper use of petty cash. Agencies are to establish petty cash internal control procedures in accordance with OFM's prescribed policies. (Refer to Chapter 20 of this manual.)
- 85.50.50.e Only minimal amounts of cash are to be kept on hand. Petty cash accounts in excess of \$100 must be maintained in a checking account in a local bank that is a public depository (refer to Subsection 85.50.10.c) unless the agency has a safe, vault, or money chest that is used to safeguard petty cash. Whenever possible, all petty cash accounts are to be maintained in a bank account. Bank accounts are to be opened in the name of the agency, not an individual.
- 85.50.50.f If a State Auditor's Report discloses that the amount of an agency's petty cash account is excessive or its use is in violation of regulations, the Director (or official designee) of OFM may require the elimination of, or reduction in the amount of, the petty cash account.

85.50.60

July 1, 2001

Accounting for petty cash in treasury accounts

85.50.60.a

Establishing Treasury Petty Cash Accounts

1. Requests for petty cash, or increases to petty cash, are made using the "Application and Authorization for Petty Cash Advance, Treasury Funds" Form (A37) that is available at the end of this subsection or through the Accounting Division of OFM. The completed form is submitted to the Accounting Division of OFM (the Director's official designee) for approval. **Distribution of the total amount of approved petty cash within an agency is determined by the agency.**
2. After approval, OFM will return the signed original "Application and Authorization for Petty Cash Advance, Treasury Funds" Form (A37) to the agency. When the petty cash increase is approved, the agency is to produce a warrant to reclassify Treasury cash to GL Code 1130 "Petty Cash." (Refer to Subsection 85.65.14.a for an illustrative entry.) The warrant is to be endorsed and cashed or deposited by the assigned custodian. OFM will distribute a copy of the signed Form A-37 to the Office of State Treasurer.

If the agency is reclassifying cash in a governmental fund type account, an additional entry is required to reserve a portion of fund balance to indicate that the petty cash is not available for appropriation. This is accomplished by debiting GL Code 9590 "Unreserved/Undesignated

Fund Balance” and crediting GL Code 9556 “Reserved for Petty Cash.” (Refer to Subsection 85.65.14.a for an illustrative entry.) The balance in GL Code 9556 “Reserved for Petty Cash” is equal to the balance in GL Code 1130 “Petty Cash.”

3. A petty cash account is not to be established for less than:
 - \$25; or
 - An amount that requires reimbursement more frequently than biweekly.

85.50.60.b

Authorized Uses of Treasury Petty Cash Accounts - The following are the authorized uses of Treasury petty cash:

1. Local market purchases of supplies and materials. These purchases may include: minor miscellaneous materials; supplies; fresh fruit; vegetables; and minor repairs and replacements parts for machinery and equipment not under state contract. Such payments may be made provided that:
 - The purchase is within the limitations prescribed by the Department of General Administration, and
 - The items purchased cannot be expediently paid through regular payment procedures.
2. Rail, air, common carrier, and bus express charges where carriers require payment at time of delivery.
3. Postage due on mail. Postage due may be paid when it can be definitely determined that it will be of benefit to the state to accept delivery of the mail.
4. Salaries and wages due employees. Payment of salaries and wages may be made **only** when there has been an undue delay in processing the amount due an employee through normal payroll procedures. The employee must complete a supporting document requesting a miscellaneous payroll deduction for the full amount of the petty cash payment prior to the release of the check to the employee. The completed document is to be used to support the deduction of the amount due the petty cash account from the employee's pay. The following information, at a minimum, is to be maintained on the supporting document:

- Typed authorization by employee for miscellaneous payroll deduction
- Name of the employee
- Amount due from the employee
- Date of the request
- Reason for the request
- Signature of the employee
- Signature of the petty cash custodian
- Signature of the person authorizing the disbursement

In the absence of an automated payroll calculation system which can be relied upon to accurately calculate net pay, the amount which can be disbursed from a petty cash account for this purpose is limited to 90% of the computed net pay due to the employee. The total amount disbursed to an employee for this purpose must be deducted from the employee's pay in one lump sum; partial repayments are prohibited. Petty cash accounts are **not** to be used to pay employees in advance of established regular pay dates.

5. Travel advances to employees **when the need for an advance cannot be anticipated** in time to use regular travel advance procedures. A Travel Authorization Form (A40, A40-A), or its equivalent, is to be completed by the employee. The completed form is to be used to support reimbursement of the petty cash account. The total amount disbursed from the account for this purpose is not to exceed the amount approved on the form. Travel advances are not to impair the intended functioning of the petty cash account.
6. Agencies may request, in writing, special authorization from the Director (or official designee) of OFM for petty cash accounts to be used for the following:
 - Change accounts in agencies dispensing goods, services, etc., over-the-counter direct to the public.
 - Grants or benefits to welfare, correction, or rehabilitation recipients provided that such payments are authorized by appropriations.

- Refunds of erroneous or excessive payments, or other refunds authorized by law.
- Other purposes where the establishment of a petty cash account would be of special benefit to the state.

85.50.60.c Petty cash and change accounts are **not** used for cashing personal and/or payroll checks or warrants.

85.50.60.d **Disbursement and Reconciliation Procedures for Treasury Petty Cash Accounts**

1. All disbursements from petty cash accounts are documented and supported by receipts or vouchers bearing the signature of the payee. The following is recorded on the supporting document: date; name of payee; purpose of disbursement; amount paid; signature of the person authorizing the disbursement; and the proper account distribution.
2. Transactions involving payment of salaries and wages are also supported with a completed miscellaneous payroll deduction document. (Refer to Subsection 85.50.60.b item 4.)
3. Travel advances are supported with a properly completed Travel Authorization (A40, A40-A), or its equivalent.
4. Agencies are to establish written procedures to ensure that the above documents are transmitted promptly to the proper fiscal personnel for processing against the individual's pay or travel expense voucher.
5. A petty cash register reflecting the balance of the account is to be maintained.
6. **The total cash on hand, plus the amount of disbursements represented by the documentation, is to equal the authorized amount of the petty cash account.** The petty cash account is to be reconciled at least monthly. If a checking account is used, the petty cash account is to be promptly reconciled each month to the bank.
7. There are to be frequent, periodic audits of the petty cash account. The audits are to be performed by the agency's Internal Auditor or another individual (not the petty cash custodian) designated by the agency head.
8. An adequate audit trail is to be maintained.

85.50.60.e

Reimbursement of Treasury Petty Cash Accounts

1. Change accounts do not require replenishment, unless a theft or loss has occurred. Cash over and shorts which occur during the course of making change are cleared daily as part of the reconciliation and deposit of receipts. (Refer to Subsection 85.20.10.) The amount of the change account on hand should always equal the authorized amount.
2. To replenish a petty cash account for disbursements made, a Voucher Distribution Form (A19-2) is to be prepared. The A19-2 is to show the name of the agency and custodian as trustee of the account in place of the vendor name. All documents substantiating the disbursements are to be attached. The GL coding distribution is summarized and entered in the account code block of the form. The voucher is checked and approved for payment by someone other than the custodian. The amount of this voucher and the cash remaining in the petty cash account are to equal the authorized amount.
3. The accounting entries to record petty cash disbursements are the same as for other vendor payments.
4. Petty cash accounts are to be reimbursed monthly, unless the reimbursable amount is less than \$100. If the reimbursable amount is less than \$100, the agency can reimburse on a less frequent basis.

85.50.60.f

Reduction or Abolishment of Treasury Petty Cash Accounts

1. When a petty cash account is reduced or abolished, the agency is to prepare and submit to the OST, with the petty cash remittance, a Cash Receipts Journal Summary (A8). The petty cash is returned to the Treasury account from which it was advanced. This transaction reclassifies the existing debit in GL Code 1130 "Petty Cash" to Treasury cash for the reduction in the amount of petty cash account. (Refer to Subsection 85.65.14.b for an illustrative entry.)
2. If the agency is reducing or abolishing a petty cash account in a governmental fund type account, an additional entry is required to reverse the petty cash reservation of fund balance. This is accomplished by debiting GL Code 9556 "Reserved for Petty Cash" and crediting GL Code 9590 "Unreserved/Undesignated Fund Balance." (Refer to Subsection 85.65.14.b for an illustrative entry.)
3. The agency is to notify the Accounting Division of OFM (the Director's official designee) of all abolishments or reductions in Treasury petty cash accounts. OFM will distribute a copy of the notification to the Office of the State Treasurer.

Revised Petty Cash Balance \$ _____

(Attach additional statements as needed) _____

APPROVED BY: _____

OFM, State Financial Consultant
Accounting Division

Date

Distribution upon approval: Signed original to the Agency; copy to OFM Cash Control.

85.50.70

Nov. 1, 2003

Accounting for petty cash in local accounts (including treasury trust accounts)

85.50.70.a

Establishing Local Petty Cash Accounts

1. The agency head (or authorized designee), unless otherwise provided by law, has the authority to establish and control a petty cash account in a local account established pursuant to RCW 43.88.195 or other statutory provision. The petty cash account is not to be excessive.
2. Written accounting and control procedures for petty cash are to be developed and followed.
3. The agency head (or authorized designee) is to issue and maintain on file a letter designating the individual assigned as trustee, the amount of the petty cash account, and the purpose of the account.
4. The agency is to produce a check to reclassify GL Code 1110 "Cash in Bank" to GL Code 1130 "Petty Cash." If the agency is making a petty cash advance from a governmental fund type account, an additional entry is required to reserve a portion of fund balance to indicate that the petty cash is not available for appropriation. This is accomplished by debiting GL Code 9590 "Unreserved/Undesignated Fund Balance" and crediting GL Code 9556 "Reserved for Petty Cash." (Refer to Subsection 85.65.16.a for an illustrative entry.)

85.50.70.b

Authorized Uses, Disbursement, and Reconciliation Procedures of Local Petty Cash Accounts

The authorized uses of petty cash accounts that are prescribed for Treasury petty cash accounts at Subsection 85.50.60.b.1 through 5 are to be followed for local petty cash accounts. If the planned use of the petty cash account is not one of those listed under SAAM 85.50.60.b.1 through 5, agencies may request, in writing, special authorization from the administering agency of the account for purposes as listed under Subsection 85.50.60.b.6.

The disbursement and reconciliation procedures that are prescribed for Treasury petty cash accounts are to be followed for local petty cash accounts. (Refer to Subsection 85.50.60.b and c.)

85.50.70.c **Reimbursement of Local Petty Cash Accounts**

The reimbursement procedures prescribed for Treasury petty cash accounts are followed for local petty cash accounts. However, the use of Voucher Distribution (A19-2A) form is optional. (Refer to Subsection 85.50.60.e.)

85.50.70.d **Reduction or Abolishment of Local Petty Cash Accounts**

The agency head (or authorized designee) has the authority to reduce or abolish a local petty cash account.

When a local petty cash account is reduced or abolished, the money is returned to the local account from which it was advanced. This transaction is recorded by reclassifying the existing debit in GL Code 1130 "Petty Cash" to GL Code 1110 "Cash in Bank" for the amount of the reduction in petty cash. If the agency is abolishing a local petty cash account in a governmental fund type account, an additional entry is required to reverse the reservation of fund balance for the amount of the petty cash account. This is accomplished by debiting GL Code 9556 "Reserved for Petty Cash" and crediting GL Code 9590 "Unreserved/Undesignated Fund Balance." (Refer to Subsection 85.65.16.b for an illustrative entry.)